

## **Cost of controls of EU funds**

PricewaterhouseCoopers SIA

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### **Summary**

A survey of Cost of controls of EU funds for year 2006 was carried out from 29.10.2007 till 22.02.2008. The research was done by PricewaterhouseCoopers SIA.

The survey was carried out by collecting all necessary information from institutions by means of electronic questionnaires. The estimated cost of controls was determined through estimation of institutions' full time equivalents (FTEs) devoted to the functions constituting the controls. The FTE's served as drivers for cost estimation by multiplying them with the cost of an employee in the institutions, which in turn was determined by dividing the institution's full costs of year 2006 by the institution's total number of employees.

#### **Cohesion Fund**

The research covers four control functions, prescribed by EC regulation No. 1386/2002, the following controls are conducted under the administration of CF, and the control costs are:

- The first level management checks (EC 1386/2002 Article 4), cost of 399,385 LVL;
- Certification of expenditure (EC 1386/2002 Article 8), cost of 18,729 LVL;
- System audits and sample checks (EC 1386/2002 Articles 9-12), cost of 147,995 LVL;
- Declaration at winding-up of the assistance (EC 1386/2002 Articles 13-15), cost of 64,685 LVL.

Total control costs of CF for year 2006 are 630,794 LVL. Total control costs amount to 0.85% of total KF financing for year 2006 (paid to final beneficiaries). The first level management checks represent 63,35% of total control costs.

#### **European Social Fund**

The research covers four control functions, prescribed by EC regulation No. 438/2001, the following controls are conducted under the administration of ESF, and the control costs are:

- The first level management checks (EC 438/2001 Article 4), cost of 617,222 LVL;
- Certification of expenditure (EC 438/2001 Article 9), cost of 16,301 LVL;
- System audits and sample checks (EC 438/2001 Articles 10-14), cost of 88,978 LVL;
- Declaration at winding-up of the assistance (EC 438/2001 Articles 15-17), cost of 12,551 LVL.

Total control costs of ESF for year 2006 are 735,052 LVL. Total control costs amount to 3.50% of total ESF financing (paid to final beneficiaries) for year 2006. The first level management checks represent 83.97% of total control costs.

### **European Regional Development Fund**

The research covers 4 control functions, prescribed by EC regulation No. 438/2001, the following controls are conducted under the administration of ERDF, and the control costs are:

- First level management checks (EC 438/2001 Article 4), cost of 957,473 LVL;
- Certification of expenditure (EC 438/2001 Article 9), cost of 16,301 LVL;
- System audits and sample checks (EC 438/2001 Articles 10-14), cost of 69,740 LVL;
- Declaration at winding-up of the assistance (EC 438/2001 Articles 15-17), cost of 19,758 LVL.

Total control costs of ERDF for year 2006 are 1,063,272 LVL.

Total control costs amount to 2.68% of total ERDF financing (paid to final beneficiaries) for year 2006. First level management checks compound 90.05% of total control costs.